

Message Text

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PAGE 01 BRAZZA 00930 01 OF 02 142301Z
ACTION SP-02

INFO OCT-01 ISO-00 EB-08 AF-10 SS-15 IO-13 INR-10
/059 W

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R 131525Z JUL 78
FM AMEMBASSY BRAZZAVILLE
TO SECSTATE WASHDC 833

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E.O. 11652: N/A
TAGS: ECON, CF, US
SUBJECT: FOREIGN ECONOMIC POLICY TOWARD AFRICA: CONGO

REF: STATE 164983

1. WE WELCOME OPPORTUNITY TO COMMENT ON DISCUSSION PAPER TRANSMITTED REFTEL.
2. BACKGROUND: GOCB HAS IDENTIFIED INCREASED AGRICULTURAL PRODUCTION AS ITS KEY DEVELOPMENT PRIORITY. PRESIDENT YHOMBY-OPANGO RECOGNIZES THAT OFFSHORE PETROLEUM PRODUCTION MAY NOT LIVE UP TO EXPECTATIONS; FURTHER, THAT CONGO'S OTHER EXPORT EARNER IN PREVIOUS YEARS, WOOD, IS BEING AFFECTED ADVERSELY ON WORLD MARKET BY CHEAPER EXPORTS OF TROPICAL WOODS FROM SOUTHEAST ASIA AND ELSEWHERE. ACCORDINGLY, YHOMBY REASONS THAT INCREASE IN AGRICULTURAL PRODUCTION BOTH FOR DOMESTIC CONSUMPTION AND EXPORT TO AT LEAST NEIGHBORING COUNTRIES CAN RELIEVE DRAIN ON RESERVES, INCREASE AMOUNT OF CURRENCY IN CIRCULATION, AND REDUCE NECESSITY FOR MID-MONTH SCAMPERING TO OTHER CAPITALS TO SEEK BUDGETARY SUPPORT. YHOMBY RECOGNIZES THAT ATTENDANT TO NEED FOR IMPROVE AGRICULTURAL ARE A

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PAGE 02 BRAZZA 00930 01 OF 02 142301Z

BETTER TRANSPORTATION NETWORK AND THE INSTITUTION OF MORE SYSTEMATIC AND RESPONSIBLE ADMINISTRATION. HOW WOULD WE FIT INTO SUCH A SET OF LOCAL REQUIREMENTS?

3. U.S. STRATEGY: AS DEPARTMENT AWARE, WE HAVE NOT RECOMMENDED A BILATERAL AID PROGRAM FOR CONGO. THIS RELUCTANCE IS BASED ON OUR CONCERN OVER LONG START-

UP TIME REQUIRED, EXTENSIVE FEASIBILITY STUDIES NECESSARY, AND HIGH ADMINISTRATIVE OVERHEAD, AS WELL AS OUR STATED POLITICAL OBJECTIVES, OUR DISINCLINATION TO PROMISE MORE THAN WE CAN DELIVER, AN APPARENT LACK OF INTEREST ON THE PART OF THE CONGOLESE IN A BILATERAL AID PROGRAM AND, FRANKLY, THE AVAILABILITY IN THE CONGO ALREADY OF GOOD STUDIES AND CAPABLE PEOPLE. INSTEAD, WE BELIEVE OUR BEST INTERESTS ARE BEING SERVED HERE BY CONTINUING TO PROMOTE SUCCESSFULLY REGIONAL AID PROGRAMS, OTHER USG AND QUASI-GOVERNMENTAL OFFERINGS, PRIVATE FINANCING, PUBLIC FINANCING, AND PRIVATE INVESTMENT.

4. THE DISCUSSION PAPER: INFRASTRUCTURE: PARA 6
REFTEL COOROBATES OUR OWN SENTIMENTS CONCERNING THE NEED FOR INCREASED FLEXIBILITY WITHIN AID, AND WE SUPPORT ENTIRELY THE LETTER AND SPIRIT OF THAT PARAGRAPH. SIMILARLY, WE AGREE WITH THE DESIRABILITY OF GREATER EMPHASIS ON INFRASTRUCTURE. SEVERAL WORDS OF CAUTION, HOWEVER, SINCE MANY OF US WHO HAVE BEEN DEALING WITH AFRICA OVER THE YEARS MAY DETECT A RING OF FAMILIARITY ON THIS SUBJECT: PART OF OUR AMERICA MAKE UP IS TO BE IMPATIENT, AND THIS VERY IMPATIENCE HAS BEEN RESPONSIBLE FOR FAR MANY MORE SUCCESSES THAN FAILURES. BUT WE RECALL EARLIER USG INITIATIVES AIMED AT IMPROVING AFRICAN INFRASTRUCTURE, WHICH EFFORTS WERE NOT AS SUCCESSFUL IN AS SHORT A PERIOD AS WE HAD LIMITED OFFICIAL USE

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PAGE 03 BRAZZA 00930 01 OF 02 142301Z

HOPED, AND BECAUSE OF THAT WERE ABANDONED, AS WE TURNED TO OTHER AREAS OF EMPHASIS. (AFTER SOME OF THOSE IN TURN WERE NOT SUCCESSFUL, WE ALSO TURNED TO OTHERS). IF WE ARE GOING TO GET INTO INFRASTRUCTURE, LET US BE REALISTIC AND PATIENT CONCERNING THE AMOUNT OF MONEY AND EFFORT, MATERIAL AND TIME IT WILL REQUIRE, INCLUDING, NOT LEAST OF ALL, ENCOURAGING IDENTIFICATION BY AFRICANS WITH THE DESIRABILITY OF SUCH INFRASTRUCTURE BEING MAINTAINED. HEREIN, AS THE PAPER RECOMMENDS, COORDINATION AMONG DONORS, AND WORKING WITH A VARIETY OF PRIVATE AND PUBLIC FUNDING INSTITUTIONS ARE VIRTUALLY INDISPENSABLE. IN CONGO, INFRASTRUCTURAL DEVELOPMENT LIKELY WILL ENCOURAGE PRIVATE INVESTMENT, IN FORESTRY, AGRICULTURE AND POSSIBLY, MINING. BUT AN INCREASED EMPHASIS ON INFRASTRUCTURE HERE AND/OR ELSEWHERE NEED NOT DISPLACE ONGOING BHN PROJECTS.

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PAGE 01 BRAZZA 00930 02 OF 02 142329Z
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LIMITED OFFICIAL USE SECTION 2 OF 2 BRAZZAVILLE 0930

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5. TRADE AND PRICES: THE CONGO IS NOT AS VULNERABLE CONCERNING EXPORT PRICES AS MANY OTHER AFRICAN COUNTRIES, SIMPLY BY VIRTUE OF THE FACT THAT IT DOES NOT EXPORT SUCH CROPS AT THE PRESENT TIME. AND HEREIN, WE ARE TALKING PRIMARILY OF A FRANCO-CONGOLESE TRADE AND PRICING PROBLEM. EXAMPLE: LOCATED IN VARIOUS REGIONS OF THE CONGO ARE PALM OIL FACTORIES, WORKING AT ALMOST MAXIMUM PRODUCTION WHICH, IN SOME CASES, TRANSPORT THEIR SEMI-PROCESSED OIL ON A 3-WEEK JOURNEY TO POINTE-NOIRE, BY RIVER AND RAIL, FOR TRANSFORMATION INTO SOAP. FINISHED AND WRAPPED CONGOLESE SOAP IS THEN PRICED AT ONLY 5 FRANCS CFA (ABOUT 2 CENTS) LESS THAN A BAR OF SOAP IMPORTED FROM FRANCE, AND THE CONGOLESE CONSUMER BUYS THE FRENCH PRODUCT. ANOTHER EXAMPLE: CONGOLESE ARE FORCED TO IMPORT PEANUT OIL FROM SENEGAL AND IVORY COAST, UNABLE TO OBTAIN SPARE PARTS FROM FRANCE TO REPAIR THEIR OWN PEANUT OIL PROCESSING EQUIPMENT. ANOTHER: THE CONGOLESE EXPORT THE MAJORITY OF THEIR TROPICAL WOODS TO FRANCE AT PRICES INFERIOR TO EVEN THE CURRENCY LOW WORLD MARKET RETURN. IN OTHER WORDS, THE CONGOLESE MUST WORK OUT A BETTER PRICING AND IMPORT/EXPORT STRUCTURE, BUT THIS IS PRIMARILY A POLITICAL PROBLEM WHICH AFFECTS THE BASIS OF FRANCO-LIMITED OFFICIAL USE

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PAGE 02 BRAZZA 00930 02 OF 02 142329Z

CONGOLESE RELATIONS, AND DIFFICULTIES SUCH AS THOSE DESCRIBED ABOVE NO DOUBT CONSTITUTE, IN TURN, THE CONGO'S PRICE FOR REMAINING IN THE CFA.

6. AGRICULTURAL EXPORTS: BRAZZAVILLE 462 CONVEYS OUR

APPREHENSIONS REGARDING A COMMODITY CREDIT PROGRAM FOR CONGO.

7. MANPOWER: WE ARE VERY ENTHUSIASTIC OVER PROJECTED PLANNING OF WAYS TO COPE WITH MANPOWER SHORTAGES, DRAWING ON THE DEVELOPMENT BANKS AND AS YET UNTAPPED HUMAN RESOURCES WITHIN THE US GOVERNMENT ITSELF. (THE US FORESTRY SERVICE, FOR INSTANCE, HAS, WE UNDERSTAND, EXPERTS AVAILABLE TO ASSIST IN THE CONGO--AND ELSEWHERE--FOR SHORT-TERM PERIODS). UNFORTUNATELY, THE CONGOLESE ARE RELUCTANT TO LET THE ILO OR PRIVATE EXPORTS GET INTO THE VERY NECESSARY AREA OF FINANCIAL MANAGEMENT. THEY RECOGNIZE THE NEED FOR SUCH CONTROL, BUT ARE DISCINCLINED TO LET IT PASS FROM THE FAMILY.

8. HEALTH: WE OUGHT TO DRAW MORE ON RESOURCES OF AMERICAN PRIVATE INDUSTRY. WITH A MINIMUM OF RED TAPE, WE CAN OBTAIN, ON AN EXPERIMENTAL BASIS, SUCH DEVICES AS SMALL SOLAR REFRIGERATORS, WITH THE RESULTS OF OUR FIELD TRIALS PASSED ON BY, SAY, PEACE CORPS VOLUNTEERS, TO THE CO-OPERATING COMPANIES. FURTHER, AMERICAN PHARMACEUTICAL HOUSES MIGHT BE PRESSURED INTO ASSISTING THE THIRD WORLD MORE, ON A HUMANITARIAN BASIS.

9. COORDINATION: WERE DONORS IN THE CONGO, FOR INSTANCE THE EEC, FRANCE, FRG, UN, WORLD BANK, AND US, TO COORDINATE MORE ON WHAT WE ARE DOING, TOGETHER WITH THE CONGOLESE, PAST OVERLAPS MIGHT NOT BE REPEATED. LIMITED OFFICIAL USE

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PAGE 03 BRAZZA 00930 02 OF 02 142329Z

CONCEIVABLY, WE COULD DRAW IN OTHER DONORS, SUCH AS THE CHINESE, FOR CONSULTATION IN THE FUTURE. IF THE SOVIETS WANTED TO PARTICIPATE, FINE. BUT IF THEY DID NOT, THEIR NON-PARTICIPATION WOULD BECOME WELL KNOWN TO THE CONGOLESE. COORDINATION WOULD NOT MEAN SUBJUGATING A COUNTRY'S PROJECT TO A COMMUNITY FLAG; BUT IT COULD LEAD TO INCREASED EFFICIENCY FOR DONOR AND RECIPIENT ALIKE WHILE SAVING MONEY FOR BOTH. KATZEN

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